No. 25A312

IN THE
Supreme Court of the United States

DONALD J. TRUMP, PRESIDENT OF THE UNITED STATES, ET AL.,

Applicants,

v.

LISA D. COOK,

Respondent.

BRIEF OF *AMICI CURIAE* FORMER TREASURY SECRETARIES, FEDERAL RESERVE BOARD CHAIRS AND GOVERNORS, COUNCIL OF ECONOMIC ADVISERS CHAIRS, AND ECONOMISTS IN OPPOSITION TO THE APPLICATION TO STAY THE PRELIMINARY INJUNCTION

Sarah E. Harrington
Counsel of Record
Dana Remus
Mark W. Mosier
Mishi Jain
Grace Pyo
Christine Houle
COVINGTON & BURLING LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001
(202) 662-6000
SHarrington@cov.com

September 25, 2025

Counsel for Amici Curiae

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES ii

INTEREST OF *AMICI CURIAE* 1

INTRODUCTION AND SUMMARY OF ARGUMENT 3

ARGUMENT 5

I. Maintaining the Independence of the Federal Reserve Is Essential for a Healthy Economy. 6

A. An Independent Central Bank Plays a Critical Role in Ensuring the Credibility of the U.S. Dollar and thus the Proper Functioning of the Economy. 6

B. Allowing the Political System to Set Monetary Policy Would Create a "Time Inconsistency" Problem that Would Undermine Its Ability to Achieve Its Own Goals. 8

1. An Independent Central Bank Can Help with the Inflation-Unemployment Trade-off. 10

2. Central Bank Independence Is a Protection Against the Risk of De Facto Defaulting on the Debt Through Inflation. 11

C. Academic Research Has Consistently Found that Independent Central Banks Lead to Better Economic Outcomes. 12

D. Experience in the United States and Around the World Demonstrates Both the Benefits of Increased Central Bank Independence and the Dangers of Reduced Central Bank Independence. 14

E. Maintaining the Public's Belief in the Independence of the Federal Reserve Is Crucial to Economic Stability. 16

II. The Federal Reserve System Operates Independently from the Political Branches. 18

III. The Court Should Deny the Application for a Stay. 24

CONCLUSION 25

TABLE OF AUTHORITIES

Page(s)

Cases

Consumer Fin. Prot. Bureau v. Cmty. Fin. Servs. Ass'n of Am., Ltd.,
601 U.S. 416 (2024) 24

Nken v. Holder,
556 U.S. 418 (2009) 6

Seila L. LLC v. Consumer Fin. Prot. Bureau,
591 U.S. 197 (2020) 24

Trump v. Wilcox,
145 S. Ct. 1415 (2025) 24

Statutes

12 U.S.C. § 225a 6, 10, 20

12 U.S.C. § 242 19

12 U.S.C. § 243 21

12 U.S.C. § 263 20

12 U.S.C. § 302 20

12 U.S.C. § 341 21

Act of June 16, 1933, Pub. L. No. 73-66, 48 Stat. 162 (1933) 18

Banking Act of 1935, Pub. L. No. 74-305, 49 Stat. 684 (1935) 18

Federal Reserve Act, Pub. L. No. 63-43, 38 Stat. 251 (1913) 17

Federal Reserve Reform Act of 1977, Pub. L. No. 95-188, 91 Stat. 1387
(1977) 20

Rules

Supreme Court Rule 37.6 1

Other Authorities

Burton A. Abrams, *How Richard Nixon Pressured Arthur Burns: Evidence from the Nixon Tapes*, 20 J. Econ Perspectives 177 (2006).................. 15

Alberto Alesina & Lawrence H. Summers, *Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence*, 25 J. Money, Credit & Banking 151 (1993)... 13

Ben S. Bernanke, *21st Century Monetary Policy* (2022) 15

Ben S. Bernanke & Olivier Blanchard, *What Caused the US Pandemic-Era Inflation*?, 17 Am. Econ. J.: Macroecon. 1 (2025)... 17

Joseph R. Biden Jr., Opinion, *My Plan for Fighting Inflation*, Wall St. J. (May 30, 2022) 22

Alan S. Blinder, *A Monetary and Fiscal History of the United States, 1961–2021* (2022)... 17

Board of Governors of the Federal Reserve System, *Press Release: Federal Reserve Issues FOMC Statement of Longer-Run Goals and Policy Strategy* (Jan. 25, 2012).. 17

Cristina Bodea & Raymond Hicks, *Price Stability and Central Bank Independence: Discipline, Credibility, and Democratic Institutions*, 69 Int'l Org. 35 (2015) 14

Neil H. Buchanan & Michael C. Dorf, *Don't End or Audit the Fed: Central Bank Independence in an Age of Austerity*, 102 Corn. L. Rev. 1 (2016) 10, 11, 19, 20

Jerome Clifford, *The Independence of the Federal Reserve System* (1965) 15

President Bill Clinton, Remarks on the Renomination of Federal Reserve Board Chairman Alan Greenspan and an Exchange with Reporters (Jan. 4, 2000) 23

The Conduct of Monetary Policy: Hearing Before the H. Comm. on Banking and Fin. Servs., 105th Cong. 114–15 (1997) (opening statement of Rep. Jim Leach, Chair).. 23

Peter Conti-Brown, *The Institutions of Federal Reserve Independence*, 32 Yale J. on Reg. 257 (2015)... 20, 21

Alex Cukierman, *Central Bank Strategy, Credibility, and Independence: Theory and Evidence* (1992) 13, 14

Fed. Reserve, *Monetary Policy Principles and Practice: Historical Approaches to Monetary Policy* (Mar. 8, 2018) 7

The Federal Reserve Accountability Act of 1993: Hearing Before the H. Comm. on Banking, Fin., and Urban Affs., 103rd Cong. 3 (1993) (statement of Rep. Henry B. Gonzalez, Chair). 24

Federal Reserve Bank of St. Louis, *Personal Computation Expenditures: Chain-Type Price Index, Q2 2025* (Aug. 28, 2025) 17

Federal Reserve Board, *The Fed Explained: What the Central Bank Does* (11th ed. 2021) 10

Milton Friedman, *The Role of Monetary Policy,* 58 Am. Econ. R. 1 (1968) 7

Phil Gramm & Jeb Hensarling, Opinion, *Trump, Lisa Cook and the Federal Reserve's Independence: The Central Bank Differs from Other Agencies in that the Power to Coin Money Belongs to Congress*, Wall St. J. (Sept. 3, 2025) 25

Vittorio Grilli, et al., *Political and Monetary Institutions and Public Financial Policies in the Industrial Countries*, 6 Econ. Pol'y 341 (1991) 13

Ian Hajdini, et al., *Inflation Since the Pandemic: Lessons and Challenges* 2 (2025) (Fed. Rsrv. Bd. Fin. & Econ. Discussion Series Working Paper No. 2025-070) 17

Nell Henderson, *Bush Calls for Independent Fed Chairman*, Wash. Post (Oct. 4, 2005) 23

President John F. Kennedy, Address and Question and Answer Period at the Economic Club of New York (Dec. 14, 1962) 22

Jeroen Klomp & Jakob De Haan, *Inflation and Central Bank Independence: A Meta-Regression Analysis*, 24 J. Econ. Surveys 593 (2010) 13

Finn E. Kydland & Edward C. Prescott, *Rules Rather than Discretion: The Inconsistency of Optimal Plans*, 85 J. Pol. Econ. 473 (1977) 8, 9, 11

Eric Leeper, *Fiscal Dominance: How Worried Should We Be?*, Mercatus Ctr. (Apr. 3, 2023) 12

N. Gregory Mankiw, *Macroeconomics* (12th ed. 2025).................................... 9, 11, 16

Allan H. Meltzer, *A History of the Federal Reserve, Volume I: 1913–1951* (2003) 18

William Nordhaus, *The Political Business Cycle*, 42 Rev. Econ. Stud. 170 (1975) 10

President Barack Obama, Remarks by the President at the Nomination of Ben Bernanke for Chairman of the Federal Reserve (Aug. 25, 2009)... 22

Presidential Campaign Debate Between Gerald R. Ford and Jimmy Carter (Sept. 23, 1976) 23

President Ronald Reagan, The President's News Conference (Feb. 18, 1982)... 22

Gary Richardson & David W. Wilcox, *How Congress Designed the Federal Reserve to Be Independent of Presidential Control*, 39 J. Econ. Perspectives 221 (2025)... 18, 19

Kenneth Rogoff, *The Optimal Degree of Commitment to an Intermediate Monetary Target*, 100 Q. J. Econ. 1169 (1985) 8

Kenneth Rogoff, *Risks to Central-Bank Independence, in Independence, Credibility, and Communication of Central Banking* (2021)............................... 14

Davide Romelli, *The Political Economy of Reforms in Central Bank Design: Evidence from a New Dataset*, 37 Econ. Pol'y 641 (2022)....................... 13

Thomas J. Sargent, *The Ends of Four Big Inflations*, in Nat'l Bureau of Econ. Rsch., *Inflation: Causes and Effects* 41 (Robert E. Hall ed., 1982)... 14

Michael R. Strain, *The Senate Must Preserve Fed Independence*, Nat'l Rev. (Aug. 26, 2025)... 25

Turkey's Central Bank Lowers Key Interest Rate to 47.5%, Associated Press (Dec. 26, 2024) 15

Janet L. Yellen, Chair, Fed. Reserve, Speech at Philip Gamble Memorial Lecture, University of Massachusetts, Amherst: Inflation Dynamics and Monetary Policy (Sept. 24, 2015) 8

INTEREST OF *AMICI CURIAE*

Amici are former United States Treasury Secretaries, Federal Reserve Board Chairs and Governors, Chairs of the Council of Economic Advisers, and other leading economists with substantial expertise with the Federal Reserve System ("Federal Reserve" or "Fed") and national economic policymaking.[1] *Amici*'s own experiences and scholarship give them firsthand insight into the essential role of Fed independence in ensuring national monetary policy that fosters long-term economic health and a stable economy. In this brief, *amici* explain why the Federal Reserve's independence and the public's perception of that independence are important for economic performance, including achieving the goals Congress has set for the Federal Reserve of stable prices, maximum employment, and moderate long-term interest rates. Because allowing the removal of Governor Lisa D. Cook while the challenge to her removal is pending would threaten that independence and erode public confidence in the Fed, *amici* urge the Court to deny the government's request for a stay. *Amici* include the following:

- **Ben S. Bernanke** served two terms as Chair of the Board of Governors of the Fed, as well as Chair of the Council of Economic Advisers under President George W. Bush.
- **Jared Bernstein** served as Chair of the Council of Economic Advisers under President Joe Biden.

[1] Pursuant to Supreme Court Rule 37.6, *amici curiae* state that no counsel for a party authored this brief in whole or in part, and no party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amici curiae* or its counsel made a monetary contribution to its preparation or submission.

- **John H. Cochrane** is the Rose-Marie and Jack Anderson Senior Fellow at Stanford University's Hoover Institution.
- **Jason Furman** served as Chair of the Council of Economic Advisers under President Barack Obama.
- **Timothy F. Geithner** served as the 75th Secretary of the Treasury under President Barack Obama, as well as President and Chief Executive Officer of the Federal Reserve Bank of New York.
- **Phil Gramm** served as Chairman of the Senate Banking Committee.
- **Alan Greenspan** served five terms as Chair of the Board of Governors of the Fed, first appointed by President Ronald Reagan and then reappointed by Presidents George H.W. Bush, Bill Clinton, and George W. Bush. He also was Chair of the Council of Economic Advisers under President Gerald Ford.
- **Glenn Hubbard** served as Chair of the Council of Economic Advisers under President George W. Bush.
- **Jacob J. Lew** served as the 76th Secretary of the Treasury under President Barack Obama.
- **N. Gregory Mankiw** served as Chair of the Council of Economic Advisers under President George W. Bush.
- **Henry M. Paulson** served as the 74th Secretary of the Treasury under President George W. Bush.

- **Kenneth Rogoff** is the Maurits C. Boas Professor of International Economics at Harvard University and former chief economist of the International Monetary Fund.
- **Christina Romer** served as Chair of the Council of Economic Advisers under President Barack Obama.
- **Cecilia Rouse** served as Chair of the Council of Economic Advisers under President Joe Biden.
- **Robert E. Rubin** served as the 70th Secretary of the Treasury under President Bill Clinton, after serving as the first director of the White House National Economic Council.
- **Lawrence H. Summers** served as the 71st Secretary of the Treasury under President Bill Clinton, Director of the National Economic Council under President Barack Obama, and Chief Economist of the World Bank.
- **Daniel Tarullo** served as a member of the Board of Governors of the Fed and the Federal Open Market Committee.
- **Janet Yellen** served as the 78th Secretary of the Treasury under President Joe Biden, Chair and Vice Chair of the Board of Governors of the Fed, Chair of the Council of Economic Advisers under President Bill Clinton, and President and CEO of the Federal Reserve Bank of San Francisco.

INTRODUCTION AND SUMMARY OF ARGUMENT

Congress intentionally designed the Federal Reserve System as a uniquely independent entity, largely insulated from political pressures that could otherwise prioritize short-term economic gain over long-term stability and growth. There is broad consensus among economists, based on decades of macroeconomic research, that a more independent central bank will lead to lower and more stable inflation without creating higher unemployment—thus helping to achieve the Federal Reserve's statutory objective of price stability and maximum employment. Independent central banks also help increase confidence in the stability of the U.S. dollar, enabling the United States, businesses, and households to borrow at lower interest rates, helping to fulfill the Fed's third mandate of moderate long-term interest rates. *Amici*'s practical experience with policymaking in the United States and around the world—including with countries that have threatened or reduced central bank independence—also convinces them that reducing independence can result in higher inflation and higher borrowing costs.

Granting the government's request to remove Governor Cook from the Board immediately would upset these longstanding protections and the essential functions they serve. Doing so would expose the Federal Reserve to political influences, thereby eroding public confidence in the Fed's independence and jeopardizing the credibility and efficacy of U.S. monetary policy. Maintaining the status quo while the lawfulness of the termination is adjudicated, in contrast, would serve the public's interest by safeguarding the independence and stability of the system that governs monetary policy in this country. *Amici*, former United States Treasury Secretaries, Federal Reserve Board Chairs and Governors, Chairs of the Council of Economic Advisers, and other leading economists, thus urge the Court to deny the government's request for a stay.

ARGUMENT

The independence of the Federal Reserve, within the limited authority granted by Congress to achieve the goals Congress itself has set, is a critical feature of our national monetary system. The United States uses a "fiat currency"—*i.e.*, a government-issued currency that is not backed by a tangible asset such as gold—that depends on public trust to function effectively. The use of a fiat currency, which has no intrinsic value, gives policymakers flexibility to help the economy by providing sufficient liquidity. But it also creates the opportunity for abuse in service of short-term goals. Insulating the Fed from short-term political pressures is important to preventing such abuse, including attempts to artificially overstimulate the economy or to have the Federal Reserve effectively print money to cover the government's budget deficit. The public's perception of the Federal Reserve as independent is critical because public trust that the United States will not have very high inflation is necessary both for the Federal Reserve's mandate of achieving price stability and to ensure that the United States government, businesses, and households can borrow at moderate interest rates. Less independent central banks around the world have at times prioritized such small, short-run gains, resulting in substantial long-term harm and inferior economic performance overall. Allowing the government to remove a member of the Board of Governors for the first time in the Nation's history, while under the cloud of legal challenge, will erode public confidence in the Fed's independence and threaten the long-term stability of our economy.

In deciding whether to grant a stay pending appeal, this Court considers whether the balance of equities—including the public interest—favors a stay. *Nken v. Holder*, 556 U.S. 418, 426 (2009). Here, the public interest weighs heavily in favor of denying the application for a stay because the immediate removal of Governor Cook will threaten the independence and perception of independence of the Fed. *Amici* therefore urge the Court to deny the request for a stay to prevent unwarranted harm to the economy during the pendency of Governor Cook's legal proceedings.

I. Maintaining the Independence of the Federal Reserve Is Essential for a Healthy Economy.

The Federal Reserve's independence is critical to fostering the long-term health and stability of the national economy, specifically by achieving the goals Congress has set for the Federal Reserve of "maximum employment, stable prices, and moderate long-term interest rates." 12 U.S.C. § 225a. The Fed's ability to fight inflation is directly related not only to its actual insulation from short-term political pressures but also to the public's perception of its independence—because if the public and financial markets *believe* that the Federal Reserve is sufficiently insulated, they will act in accordance with that expectation, resulting in lower and more stable inflation, which is consistent with lower long-term interest rates.

A. An Independent Central Bank Plays a Critical Role in Ensuring the Credibility of the U.S. Dollar and thus the Proper Functioning of the Economy.

For the monetary system to function backed by confidence and without excessive inflation, what economists call a "nominal anchor"—a specific variable representing the price level—is required. For most of history, that nominal anchor was gold or other scarce commodities, ensuring that the monetary system could not issue unlimited quantities of currency, which would cause inflation. An alternative nominal anchor, proposed by Milton Friedman, was a statutory rule that would limit the amount of money that a central bank could issue.[2] Both of those systems are effective at controlling inflation and inflation expectations, but have the downside of limiting the ability of the central bank to adjust liquidity as needed to address financial crises, recessions, and other unanticipated economic developments.

An independent central bank has proven to be an effective alternative nominal anchor that gives the public confidence in low and stable inflation while still providing flexibility to achieve other goals that Congress has set for the Federal Reserve, including maximum employment. Reducing central bank independence would threaten the perception of and confidence in the only nominal anchor the United States really has, risking higher inflation and higher borrowing costs.

The Federal Reserve's credibility and its explicit commitment to achieve inflation at the rate of two percent per year have been quite effective.[3] Even when short-run inflation was high in the post-pandemic period, for example, long-run inflation expectations remained close to the two percent target because the public *believed* that an independent Federal Reserve was taking actions in service of its long-run goal of low and stable inflation. If the Federal Reserve were instead perceived as taking actions because of short-term political mandates, it would lose that credibility,

---

[2] Milton Friedman, *The Role of Monetary Policy*, 58 Am. Econ. R. 1, 7, 16–17 (1968).

[3] Fed. Reserve, *Monetary Policy Principles and Practice: Historical Approaches to Monetary Policy* (Mar. 8, 2018), https://www.federalreserve.gov/monetarypolicy/historical-approaches-to-monetary-policy.htm.

causing long-run inflation expectations to become de-anchored. Such a loss in confidence would either result in self-fulfilling higher inflation or make the process of decreasing the rate of inflation (referred to as "disinflation") much more costly. Because the stability of long-run inflation *expectations* is a necessary condition for stable inflation,[4] the Federal Reserve will no longer be able to perform its statutorily mandated objective if its independence is threatened.

B. Allowing the Political System to Set Monetary Policy Would Create a "Time Inconsistency" Problem that Would Undermine Its Ability to Achieve Its Own Goals.

Two broad issues discussed further below—the inflation-unemployment tradeoff and the temptation to print money to finance deficits—give rise to what economists call a "time inconsistency" problem where policymakers have an interest today in making a promise but will not have an interest in the future in keeping that promise, to the detriment of their own goals.[5]

To put it in non-economic terms, consider a country's stated policy of not negotiating with hostage-takers. Such an announcement at Time A is intended to deter the taking of hostages—because if potential hostage-takers believe there is nothing to be gained by taking hostages, then they will be less likely to take hostages in the first place. But when the same country is faced with an actual hostage situation at Time B, its short-term preference may have shifted, tempting it to pay a

[4] Janet L. Yellen, Chair, Fed. Reserve, Speech at Philip Gamble Memorial Lecture, University of Massachusetts, Amherst: Inflation Dynamics and Monetary Policy (Sept. 24, 2015), https://www.federalreserve.gov/newsevents/speech/yellen20150924a.htm.

[5] Finn E. Kydland & Edward C. Prescott, *Rules Rather than Discretion: The Inconsistency of Optimal Plans*, 85 J. Pol. Econ. 473, 474 (1977); Kenneth Rogoff, *The Optimal Degree of Commitment to an Intermediate Monetary Target*, 100 Q. J. Econ. 1169, 1169–70 (1985).

ransom or otherwise negotiate with the hostage-takers for the sake of securing the return of that hostage. Giving in to those short-term interests would have the effect of undermining the long-term interest: Any future announcement of a renewed commitment to not negotiating with hostage-takers will be viewed as not credible and will therefore not have its intended deterrent effect.[6]

The same logic applies to the public's perception of the independence of the Federal Reserve because the public's *reaction* to the Fed's announced policies is critical to determining how successful (or not) those policies will be in achieving its goals. Inflation is determined in part by "price-setters"—entities like employers and manufacturers that choose prices, as well as workers who decide what an acceptable wage is—based on their expectations about whether inflation will rise or fall. If the Federal Reserve announces its commitment to a policy of low inflation and the price-setters believe that the commitment is real, then price-setters will choose lower prices (and lower wages) consistent with that belief. When that happens, political pressures may tempt the Fed to abandon its earlier stated preference by implementing expansionary monetary policy that would reduce unemployment. If that happens, the price-setters will not believe a future Fed announcement of a commitment to low-inflation policies and will therefore not structure their own economic decisions around the expectation of low inflation. Instead, price-setters will expect inflation to go up and act accordingly, leading to a vicious cycle of high inflation and low employment.[7]

---

[6] *See* N. Gregory Mankiw, *Macroeconomics* 430 (12th ed. 2025).
[7] *See* Kydland & Prescott, *supra*, at 475.

Central bank independence is the solution that Congress and the President have chosen, effectively tying their hands, like Ulysses as he passed the sirens, to protect against the risk that monetary policy will be mishandled. They do so by delegating to the Federal Reserve the authority to make decisions that would result in better overall performance for the U.S. economy. And while tension between long-term and short-term goals is not limited to monetary policy, basic principles of macroeconomics demonstrate that yielding to short-term incentives and political considerations at the expense of long-term policymaking will systematically lead to overly high inflation—a bad outcome on average over time.[8]

1. An Independent Central Bank Can Help with the Inflation-Unemployment Trade-off.

Insulating the Federal Reserve from short-term political pressures is important in part because effective monetary policy requires a commitment to long-term goals over ephemeral short-term gains. The Federal Reserve sets monetary policy by using various tools—most visibly, adjusting interest rates—in pursuit of the twin goals set by Congress: "maximum employment" and "stable prices."[9]

In the short-run, those goals may be in tension. Policies that stimulate employment—such as cutting interest rates—may also lead to higher inflation. Policies that keep inflation under control—such as raising interest rates—may

---

[8] Neil H. Buchanan & Michael C. Dorf, *Don't End or Audit the Fed: Central Bank Independence in an Age of Austerity*, 102 Corn. L. Rev. 1, 70 (2016); *see also* William Nordhaus, *The Political Business Cycle*, 42 Rev. Econ. Stud. 170, 185 (1975).

[9] Federal Reserve Board, *The Fed Explained: What the Central Bank Does* 21–23 (11th ed. 2021), https://www.federalreserve.gov/aboutthefed/files/the-fed-explained.pdf (explaining the "dual mandate"); *see* 12 U.S.C. § 225a.

increase unemployment and limit growth. In the longer-run, research has generally found that, although a central bank cannot permanently lower unemployment, it can produce higher and more volatile rates of inflation if it is not credible and effective.[10] The Federal Reserve walks a careful line in pursuit of its goals, exercising control over monetary policy in a way that promotes employment while keeping inflation in check. When the economy is running "hot" with a fast-growing job market, the Fed may adopt policies such as higher interest rates that will cool things off and keep inflation down.

Elected officials face a different set of pressures and incentives. Because elected officials are accountable to voters every few years, they have an incentive to respond to their constituents' immediate interests by prioritizing short-term economic growth and employment over long-term stability.[11] For example, elected officials often favor lowering interest rates to boost employment, particularly leading up to an election. Although that approach may satisfy voters temporarily, it does not lead to lasting gains for unemployment or growth and can instead lead to persistently higher inflation in the long-term and thus ultimately harm the national economy.[12]

2. Central Bank Independence Is a Protection Against the Risk of De Facto Defaulting on the Debt Through Inflation.

Another pressure that central banks around the world—including in the United States—have faced is making government debt more sustainable. In pursuit

---

[10] *See* Mankiw, *supra*, at 366–76; Kydland & Prescott, *supra*, at 475.

[11] Buchanan & Dorf, *supra*, at 70 (explaining the strong incentive elected officials face to "use the levers of monetary policy to stay in and [] keep challengers out").

[12] *See* Mankiw, *supra*, at 429–31, 439–41.

of that goal, central banks often face pressure to use their monetary-policy authority to lower interest rates on the debt. But when overly low interest rates are set based on something other than a central bank's price and employment mandate, higher inflation results. That higher inflation, in turn, functions like a partial default on the debt because it means the debt is paid with money that is less valuable. In practice, this is akin to paying for the debt by printing money.

A substantial body of academic literature has studied this issue under the heading of "fiscal dominance."[13] Having a credible, independent central bank reduces the risk of departing from the congressional goals of stable prices and maximum employment to pursue a different goal. It also makes it easier to borrow in the first place because lenders understand that even if the elected government has an incentive to effectively default on part of its obligations, it will not be in a position to force that to happen. This dynamic is also a way the time-inconsistency problem can manifest itself. In the short run, lower interest rates can help with the debt. But in the longer run, higher and higher inflation—and eventually hyperinflation—results because investors come to expect inflation and demand correspondingly higher interest rates to compensate for this expectation.

C. Academic Research Has Consistently Found that Independent Central Banks Lead to Better Economic Outcomes.

Macroeconomic research has shown that in both theory and empirical practice, central bank independence can help solve these time-inconsistency problems.

[13] Eric Leeper, *Fiscal Dominance: How Worried Should We Be?*, Mercatus Ctr. (Apr. 3, 2023), https://www.mercatus.org/research/policy-briefs/fiscal-dominance-how-worried-should-we-be#:~:text=1,inflation,%20and%20monetary%20policy%20passively.

Specifically, more than three decades of empirical research has found that the more independent a central bank is, on average, the lower and more stable inflation will be without slowing growth or increasing average unemployment rates.[14] Thus, while there may be an unemployment-inflation tradeoff in the short-run for any given decision, with an effective independent institutional arrangement, economies can do better over time on one dimension without doing any worse on the other. On the flip side, central banks that are less independent are associated with higher interest rates, in part because of the additional inflation they cause.

Importantly, these studies have considered the continuum of central bank independence, concluding that having more of it leads to commensurately greater economic improvement. Empirical studies use well-established composite ratings of central bank independence, based on factors like long and staggered terms for governors and protections from dismissal, to classify the degree of independence of the central bank.[15] Countries that have more of these types of insulation factors in place have better economic outcomes while countries that weaken them have worse outcomes for inflation, inflation variability, and interest rates.

---

[14] Alberto Alesina & Lawrence H. Summers, *Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence*, 25 J. Money, Credit & Banking 151, 159 (1993); Alex Cukierman, *Central Bank Strategy, Credibility, and Independence: Theory and Evidence*, ch. 18 (1992); Jeroen Klomp & Jakob De Haan, *Inflation and Central Bank Independence: A Meta-Regression Analysis*, 24 J. Econ. Surveys 593, 612 (2010).

[15] Vittorio Grilli, et al., *Political and Monetary Institutions and Public Financial Policies in the Industrial Countries*, 6 Econ. Pol'y 341, 366–75 (1991); Davide Romelli, *The Political Economy of Reforms in Central Bank Design: Evidence from a New Dataset*, 37 Econ. Pol'y 641, 648–50 (2022).

D. Experience in the United States and Around the World Demonstrates Both the Benefits of Increased Central Bank Independence and the Dangers of Reduced Central Bank Independence.

In light of these well-established dynamics, most developed and many developing countries have increased the independence of their central banks over recent decades, leading to a global decline in overall inflation rates.[16] The practice of insulating central banks from short-term political pressures when it comes to monetary policy thus has a proven track record of enabling those banks to pursue the long-term goals of price stability and steady growth.

In some cases, shifting to an independent central bank has been critical to making substantial economic improvements. In the wake of German hyperinflation in the 1920s, for example, policymakers announced a suite of reforms including an independent central bank that could no longer try to help pay for the government's debt, a step credited with dramatically lowering inflation with very little pain.[17] Among countless additional examples is Israel, which had been suffering from triple-digit inflation through the mid-1980s when it changed the law to give its central bank much more independence—at which point, the inflation rate fell rapidly.[18]

Conversely, bad outcomes have often followed reductions in central bank independence, including in the United States. President Truman pressured the Fed

---

[16] *See* Cristina Bodea & Raymond Hicks, *Price Stability and Central Bank Independence: Discipline, Credibility, and Democratic Institutions*, 69 Int'l Org. 35, 36 (2015) (noting that "bank independence has increased worldwide since the 1990s"); Kenneth Rogoff, *Risks to Central-Bank Independence, in Independence, Credibility, and Communication of Central Banking* 27 (2021) ("[I]nflation has fallen dramatically over the last 30 years in virtually every country.").

[17] *See* Thomas J. Sargent, *The Ends of Four Big Inflations*, in Nat'l Bureau of Econ. Rsch., *Inflation: Causes and Effects* 41, 83 (Robert E. Hall ed., 1982).

[18] *See* Cukierman*, supra*, at 52, 83–84, 451.

to maintain low interest rates during World War II in order to more cheaply finance defense spending, but this ultimately contributed to post-War inflation, requiring the Fed to assert its independence from the President in the post-war years to pursue anti-inflation policies.[19] In the early 1970s, President Richard Nixon famously exerted political pressure over then-Chair of the Fed Arthur Burns to lower unemployment by reducing interest rates. During this period "the Fed made only limited efforts to maintain policy independence and, for doctrinal as well as political reasons, enabled a decade of high and volatile inflation."[20] This contributed to an "inflationary boom" and deep recession that took years to bring back under control.[21]

Other countries similarly offer cautionary tales of political interference in central banking. Most recently, an extreme case was Türkiye where President Recep Tayyip Erdoğan fired multiple heads of the central bank and ordered the new head to lower interest rates in what he claimed was an effort to reduce inflation. As economists would predict, the result was inflation that reached 85 percent and no overall improvement in Türkiye's economic performance.[22] Although such an extreme change is unlikely in the near future in the United States, that example

[19] Jerome Clifford, *The Independence of the Federal Reserve System* 242–45 (1965) (discussing the unprecedented meeting between the FOMC and President Truman over disagreements around anti-inflation policy in the post-war period).

[20] Ben S. Bernanke, *21st Century Monetary Policy* 22 (2022).

[21] *See* Burton A. Abrams, *How Richard Nixon Pressured Arthur Burns: Evidence from the Nixon Tapes*, 20 J. Econ Perspectives 177, 178 (2006).

[22] *Turkey's Central Bank Lowers Key Interest Rate to 47.5%*, Associated Press (Dec. 26, 2024), https://apnews.com/article/turkey-central-bank-interest-rate-cut-ca1b3732bd09724cc50ae688711f24a3.

illustrates that central bank independence is a continuum and that the further one goes towards eliminating it, the worse the economic outcomes.

E. Maintaining the Public's Belief in the Independence of the Federal Reserve Is Crucial to Economic Stability.

An independent Federal Reserve's ability to support strong and stable economic performance depends on the perceptions of businesses, workers, consumers, investors, and other members of the public. When confidence in Fed independence weakens, those independent actors will react to monetary policy in a way that undermines the long-term goals of the Federal Reserve. Because the Fed largely influences the national economy by setting expectations, rather than by directly controlling independent economic actors, it is crucial that those independent actors view the Fed as credible when it announces long-term goals and plans.

"Inflation expectations" is the critical channel between the perception of the Federal Reserve's independence and macroeconomic outcomes. If all businesses expect prices to rise, they will raise their own prices more. If all workers expect prices to rise, they will demand higher wages. The result can be a cycle of higher inflation. And if inflation expectations rise when inflation rises, the inflation can be much more persistent.[23] That is what happened in the 1970s when the Federal Reserve lost control of inflation, and the public came to believe it would be a permanent feature of the economy. Changing that perception was very difficult and required the Federal

[23] *See* Mankiw, *supra*, at 368–69.

Reserve to adopt policies that firmly re-established its independence but contributed to a significant recession, with the unemployment rate rising to 10 percent.[24]

That painful recession, and the independence the Federal Reserve has had ever since, helped achieve a better inflation outcome. Over the last forty years, inflation has risen at an annual rate of 2.3 percent.[25] That rate is broadly consistent with the 2 percent target that was long understood to be the Federal Reserve's de facto target and became its official target in January 2012.[26]

In the wake of COVID, inflation rose very high with economists agreeing that both excessive fiscal stimulus and unfavorable supply shocks like the Russian invasion of Ukraine played a role (although they debate the relative magnitude of such factors).[27] Unlike in the 1970s, however, long-run inflation expectations stayed anchored around 2 percent as measured in consumer, economist, and business surveys, as well as financial market pricing.[28] Consequently, anchored inflation expectations are widely believed to have made it much easier for the Federal Reserve to lower inflation without causing a recession.

---

[24] Alan S. Blinder, *A Monetary and Fiscal History of the United States, 1961–2021*, at 127–28 (2022).

[25] Federal Reserve Bank of St. Louis, *Personal Computation Expenditures: Chain-Type Price Index, Q2 2025* (Aug. 28, 2025), https://fred.stlouisfed.org/series/PCECTPI.

[26] Board of Governors of the Federal Reserve System, *Press Release: Federal Reserve Issues FOMC Statement of Longer-Run Goals and Policy Strategy* (Jan. 25, 2012), https://www.federalreserve.gov/newsevents/pressreleases/monetary20120125c.htm.

[27] Ben Bernanke & Olivier Blanchard, *What Caused the US Pandemic-Era Inflation?*, 17 Am. Econ. J.: Macroecon. 1, 2, 17 (2025).

[28] Ian Hajdini, et al., *Inflation Since the Pandemic: Lessons and Challenges* 2, 17 (2025) (Fed. Rsrv. Bd. Fin. & Econ. Discussion Series Working Paper No. 2025-070), https://www.federalreserve.gov/econres/feds/files/2025070pap.pdf.

II. The Federal Reserve System Operates Independently from the Political Branches.

In creating the Federal Reserve in 1913 as the United States' central bank responsible for the nation's monetary policy, Congress included structural features that economists recognize as a key indicator of central bank independence. Federal Reserve Act, Pub. L. No. 63-43, § 2, 38 Stat. 251 (1913). At first, Congress partially isolated the Fed's monetary policymaking function from short-term partisan interests by creating a system that was both public and private, centralized and decentralized: the regional Federal Reserve banks were private in nature, run by bankers, and were initially free to set their own monetary policy;[29] and the Federal Reserve Board was situated in Washington, D.C. with members appointed by the President.[30]

The modern version of the Federal Reserve was largely created in the 1930s when Congress overhauled its governance structure through a series of new laws. *See* Act of June 16, 1933, Pub. L. No. 73-66, 48 Stat. 162 (1933); Banking Act of 1935, Pub. L. No. 74-305, 49 Stat. 684 (1935). In so doing, Congress expressly rejected a proposal that would have vested greater control over the Federal Reserve and U.S. monetary policy in the President—by, *e.g.*, providing that members of the Federal Reserve Board of Governors and other members of the Federal Open Market Committee ("FOMC") could be fired by the President at will.[31] That proposal met with alarm in the Senate because it would subject monetary policy to more direct

---

[29] Allan H. Meltzer, *A History of the Federal Reserve, Volume I: 1913–1951*, at 72 (2003); Gary Richardson & David W. Wilcox, *How Congress Designed the Federal Reserve to Be Independent of Presidential Control*, 39 J. Econ. Perspectives 221, 222 (2025).

[30] *See* Richardson & Wilcox, *supra*, at 222.

[31] *See id.* at 224–25.

political control.[32] As a result, the Senate significantly amended the original legislation to include staggered, 14-year terms for the Federal Reserve Board of Governors. And, in a direct repudiation of the House bill, the Senate's version mandated that members of the Board of Governors could be removed only "for cause."[33] The Senate bill also adjusted FOMC membership such that a President serving two terms could at most appoint four members of the Committee (assuming the Board Governors all serve their full terms).[34] That Senate version became the final Banking Act of 1935.

The 1933 and 1935 legislation established the three primary components of the Federal Reserve: the Federal Reserve Board of Governors, twelve regional Federal Reserve Banks, and the FOMC. Collectively, those entities "control[] the levers of monetary policy, most importantly including setting interest rates," in furtherance of the nation's macroeconomic goals.[35]

Each of the seven members of the Board of Governors is nominated by the President and confirmed by the Senate. But their staggered, nonrenewable 14-year terms are designed to insulate them from short-term political pressures. By ensuring that only one Governor's term expires and starts anew every two years, Congress limited the ability of any one President to remake the Board in service of short-term political interests.[36] 12 U.S.C. § 242. And Congress went a step further, preventing

[32] *Id.* at 225–27.
[33] *Id.* at 227–29.
[34] *Id.* at 228.
[35] Buchanan & Dorf, *supra*, at 13.
[36] *Id.* at 23 (describing that the lengthy terms ensure that "no single president is likely to be able to reshape the Fed's policy preferences on a wholesale basis").

a President from removing any Governor except "for cause." *Id.* Together, the staggered terms and for-cause removal protection provide the Board "with distance and independence" from politics,[37] and prevent any President from forcing out Governors who "act contrary to the president's immediate preferences."[38]

The FOMC also includes the Presidents of the twelve regional Federal Reserve Banks, although only five are voting members at any one time.[39] The FOMC is primarily responsible for setting monetary policy, meeting about every six weeks to consider what actions would further the goals Congress set: "maximum employment, stable prices, and moderate long-term interest rates." Federal Reserve Reform Act of 1977, Pub. L. No. 95-188, § 202, 91 Stat. 1387, 1387 (1977) (codified at 12 U.S.C. § 225a). The FOMC implements monetary policy by effectively setting the federal funds rate—the interest rate at which banks lend to each other overnight—as well as expectations about how that rate may change, thereby affecting all other interest rates and prices in the broader economy.

Finally, each of the twelve regional Reserve Banks has its own nine-member Board with Directors who can hold office for up to two terms of three years each. 12 U.S.C. § 302. Each Board of Directors appoints a President of its respective Reserve Bank, subject to the approval of the Board of Governors. As noted, five of the Bank Presidents serve on the FOMC at any one time. 12 U.S.C. § 263. Each Bank

---

[37] Peter Conti-Brown, *The Institutions of Federal Reserve Independence*, 32 Yale J. on Reg. 257, 287 (2015).

[38] Buchanan & Dorf, *supra*, at 24.

[39] The New York Federal Reserve President always occupies one of those slots, and the other four spots rotate amongst the remaining Reserve Banks.

President serves concurrent terms of five years. Thus, every five years—in years ending in 1 and 6—the Board of Governors must approve the appointment of all the Bank Presidents. 12 U.S.C. § 341.

Other features of the Federal Reserve System also underscore its insulation from politics. In particular, the Fed is not subject to ordinary political pressures of the budget process because, unlike other federal agencies, the Federal Reserve does not receive funding through typical congressional appropriations, but instead derives income from the interest on securities it has acquired through its open-market activities.[40] *See* 12 U.S.C. § 243.

Each of those features, collectively and independently, is critical to ensuring a Federal Reserve that is insulated from short-term political pressures so that it may serve the country's long-term economic interests. Significantly, the Federal Reserve's sphere of monetary policy independence is justifiably circumscribed. The Fed's mandates are specified and narrow—largely limited to inflation and employment. And the Fed's toolbox is similarly spare—largely limited to setting overnight interbank interest rates, safe and collateralized borrowing and lending to banks, and asset purchases and sales. Taxing and spending have important effects on inflation; and labor laws, employment, and social program incentives have important effects on employment. But those policy concerns and tools remain the province of the electorally accountable President and Congress, not the independent Fed. Although the elected branches of government may sometimes find fault with

[40] Conti-Brown, *supra*, at 8.

the Federal Reserve's approach to monetary policy, these limits on the Fed's authority, together with the turnover of Fed officials and its reporting to Congress, allow ample scope for reform of the Fed's practices. Congress can hold the Fed accountable to its legal limitations and mandates, impose additional limitations, or redirect the Fed's interpretation of its mandates. Those levers are appropriate ways of holding the Fed accountable; increasing the President's powers with respect to Board membership is neither necessary nor appropriate, and in fact would be counterproductive because theory, empirical evidence, and historical experience show that this form of reduction of the central bank's independence produces higher inflation and instability.

The critical importance of the actual and perceived independence of the Federal Reserve is reflected in a decades-long bipartisan consensus across the political branches that such independence is vital and worthy of protection. Presidents of both parties have emphasized the need for an independent Fed.[41] For example, during the 1976 presidential debates, President Ford stressed that the Chair of the Federal Reserve Board has been independent "during Democratic as well

[41] President Kennedy: "[Fed Chair William McChesney Martin's] judgment will be, because of the Federal Reserve law, of course final." Address and Question and Answer Period at the Economic Club of New York (Dec. 14, 1962), https://www.presidency.ucsb.edu/documents/address-and-question-and-answer-period-the-economic-club-new-york; President Reagan: "I have met with [Fed] Chairman Volcker several times during the past year. I have confidence in the announced policies of the Federal Reserve." The President's News Conference (Feb. 18, 1982), https://www.reaganlibrary.gov/archives/speech/presidents-news-conference-8; President Obama: "We will continue to maintain a strong and independent Federal Reserve." Remarks by the President at the Nomination of Ben Bernanke for Chairman of the Federal Reserve (Aug. 25, 2009), https://obamawhitehouse.archives.gov/the-press-office/remarks-president-and-ben-bernanke-nomination-ben-bernanke-chairman-federal-reserve; President Biden: "The Federal Reserve has a primary responsibility to control inflation." Joseph R. Biden Jr., Opinion, *My Plan for Fighting Inflation*, Wall St. J. (May 30, 2022), https://www.wsj.com/opinion/my-plan-for-fighting-inflation-joe-biden-gas-prices-economy-unemployment-jobs-covid-11653940654.

as Republican administrations."[42] He further warned that it "would be catastrophic if the Chair of the Federal Reserve Board became the tool of the political party that was in power" because it was "important for our future economic security that that job be nonpolitical and separate from the executive and the legislative branches." Similarly, President Bill Clinton when renominating Alan Greenspan to the Fed Chairmanship noted that "[o]ne of the hallmarks" of his administration's economic strategy was "a respect for the independence and the integrity of the Federal Reserve."[43] And President George W. Bush emphasized that "[i]t's the independence of the Fed that . . . gives people, not only here in America, but the world, confidence."[44]

In Congress, too, there has been bipartisan agreement among key finance and banking committee leaders regarding the importance of Fed independence. For example, former Republican Chair of the House Banking Committee Jim Leach has stressed that "there is a tradition of independence at the Fed, which in the long run has protected the economy" and has noted that the "Fed enjoys such credibility in financial markets that its commitment to an anti-inflation policy is not in doubt."[45] Similarly, former Democratic Chair of the House Banking Committee Henry

---

[42] Presidential Campaign Debate Between Gerald R. Ford and Jimmy Carter (Sept. 23, 1976), https://www.fordlibrarymuseum.gov/the-fords/gerald-r-ford/key-speeches-and-writings-gerald-r-ford.

[43] Remarks on the Renomination of Federal Reserve Board Chairman Alan Greenspan and an Exchange with Reporters (Jan. 4, 2000), https://www.presidency.ucsb.edu/documents/remarks-the-renomination-federal-reserve-board-chairman-alan-greenspan-and-exchange-with.

[44] Nell Henderson, *Bush Calls for Independent Fed Chairman*, Wash. Post (Oct. 4, 2005), https://www.washingtonpost.com/archive/business/2005/10/05/bush-calls-for-independent-fed-chairman/d6099b9a-53de-4d7c-97cc-3f436b9c7d0b/ (alteration in original).

[45] *The Conduct of Monetary Policy: Hearing Before the H. Comm. on Banking and Fin. Servs.*, 105th Cong. 114–15 (1997) (opening statement of Rep. Jim Leach, Chair).

Gonzalez said that while he was often critical of the Fed, he was not "seeking to politicize the central bank nor take away its independence."[46]

And this Court has recognized the uniquely independent and quasi-private nature of the Federal Reserve, including various features that insulate it from political influence. *See Trump v. Wilcox*, 145 S. Ct. 1415 (2025); *Consumer Fin. Prot. Bureau v. Cmty. Fin. Servs. Ass'n of Am., Ltd.*, 601 U.S. 416, 467 n.16 (2024) (Alito and Gorsuch, JJ., dissenting); *Seila L. LLC v. Consumer Fin. Prot. Bureau*, 591 U.S. 197, 222 n.8 (2020).

III. The Court Should Deny the Application for a Stay.

Any reduction in the Federal Reserve's well-earned reputation of independence would hamper its ability to influence independent decisionmakers and could ultimately lead to greater inflation. The same outcome will follow from actions that appear to politicize its membership or erode its ability to engage in monetary policymaking free from political influence.

Sectors that pay close attention to the Federal Reserve—including the financial markets, the public, employers, and lenders—are watching the current dispute over the President's removal of Governor Cook to judge how credible the Fed will be going forward. Those audiences will be more skeptical of the Fed's independence and commitment to long-term low-inflation policies if it appears that a member of the Board of Governors is being removed based on allegations that are actively under challenge in litigation. Indeed, allowing the removal to go into effect

---

[46] *The Federal Reserve Accountability Act of 1993: Hearing Before the H. Comm. on Banking, Fin., and Urban Affs.*, 103rd Cong. 3 (1993) (statement of Rep. Henry B. Gonzalez, Chair).

immediately would raise serious questions about the Fed's independence and erode the public's perception of that independence. On the flip side, leaving Governor Cook as one of twelve voting members of the FOMC during the pendency of the case would maintain the status quo of independent policymaking, shore up the public's perception of the Fed's commitment to the long-term health of the economy, and allow Governor Cook's challenge to her removal to play out at the ordinary pace of litigation.

Amici thus respectfully submit that the balance of equitable factors, and in particular consideration of potential harms to the public, weighs heavily in favor of denying the stay application because premature removal of a Governor would undermine the public's confidence in the independence of the Federal Reserve. The risk of harm to the Federal Reserve's longstanding reputation for independence—and the ensuing harm to the economy—more than justifies maintaining the status quo by keeping Governor Cook in her position while the legality of her removal is adjudicated.[47]

CONCLUSION

For these reasons, the Court should deny the application for a stay.

---

[47] *See also, e.g.*, Michael R. Strain, *The Senate Must Preserve Fed Independence*, Nat'l Rev. (Aug. 26, 2025), https://www.nationalreview.com/corner/the-senate-must-preserve-fed-independence (cautioning against "[e]roding central bank independence" because it "will make investors, businesses, and households less confident that the Fed will be able to keep inflation low and stable"); Phil Gramm & Jeb Hensarling, Opinion, *Trump, Lisa Cook and the Federal Reserve's Independence: The Central Bank Differs from Other Agencies in that the Power to Coin Money Belongs to Congress*, Wall St. J. (Sept. 3, 2025), https://www.wsj.com/opinion/trump-lisa-cook-and-the-federal-reserves-independence-657623a9?reflink=desktopwebshare_permalink.

Respectfully submitted,

Sarah E. Harrington
Counsel of Record
Dana Remus
Mark W. Mosier
Mishi Jain
Grace Pyo
Christine Houle
COVINGTON & BURLING LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001
(202) 662-6000
SHarrington@cov.com

September 25, 2025

Counsel for Amici Curiae